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ABSTRACT

This report examines 46 community (charter) schools that operated during the 1999-2000 school year. Community schools tend to be smaller than their public counterparts, enroll a higher proportion of minority and poor students, and serve relatively fewer special-needs students. On average, community-school teachers have fewer years of experience and significantly lower salaries than teachers in corresponding city school districts. Most of these schools align their curriculum with Ohio's Model Curriculum. Over one-third of community schools develop individualized education plans for their students. A large barrier to the community-school initiative involves acquiring suitable and affordable facilities; this will remain a problem unless some form of state assistance is provided. Recommendations include having community schools improve the content of their annual reports by providing financial information and by being clear about how, and to what extent, they are achieving all of the academic goals stated in their contracts; and assessing parent satisfaction and developing strategies to gather and analyze feedback from parents, when they have contractually promised to do so. Appendices include a list of community schools operating during 2000-01, bibliography, data-collection and data-analysis methodology, and reasons cited for contract termination of Riser Military Academy and Monroe Academy. (Contains 111 references.) (RT)

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Community Schools in Ohio: Second-Year Implementation Report

Volume I: Policy Issues

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The Legislative Office of Education Oversight (LOEO) serves as staff to the Legislative Committee on Education Oversight. Created by the Ohio General Assembly in 1989, the Office evaluates education-related activities funded by the state of Ohio. Volume I of this report evaluates the improvements and continued problems of the community school initiative. Volume II describes the overall characteristics and provides a detailed profile for each of the 46 community schools that operated during the 1999-2000 school year. *Conclusions and recommendations in this report are those of the LOEO staff and do not necessarily reflect the views of the Committee or its members.*

This report is available at LOEO's web site: http://www.loeo.state.oh.us

Summary

Community Schools in Ohio: Second-Year Implementation Report

Background

Over the last ten years, "school choice" has grown in popularity across the nation. School choice allows parents and students to leave the public school to which they have been assigned and "choose" a school that they believe better meets their needs. Charter schools, called "community schools" in Ohio, are one of several types of choice options that are available to parents and students.

Community schools are state-funded public schools that are exempt from various rules and regulations in exchange for increased accountability for student performance.

The Legislative Office of Education Oversight (LOEO) is required by law to evaluate community schools in Ohio. This five-year study includes a description of community schools, an evaluation of their implementation, as well as an assessment of their impact on student achievement, on traditional public schools, and on the state's elementary and secondary education system as a whole.

Last year LOEO reported on the implementation of community schools during their first year of operation, 1998-1999. This document describes the second year of operation, 1999-2000.

Community schools are state-funded public schools. What makes them different from traditional public schools is that they are exempt from many of the rules and regulations that traditional public schools must follow. In exchange for fewer rules and regulations, community schools are more accountable for the academic performance of their students. The exact nature of this agreement is formalized in a contract between the community school and its sponsor.

This LOEO report examines 46 community schools that operated during the entire 1999-2000 school year.

The number of community *schools* that have opened in Ohio has grown from 15 schools as of the 1998-1999 school year to 70 schools at the start of the 2000-2001 school year, an increase of 367%. The number of community school *students* has grown from 2,332 students in October 1998 to 14,798 community school students in October 2000, an increase of 535%.

This second-year implementation report examines the community school initiative in Ohio through the experiences of the 46 community schools that operated during the entire 1999-2000 school year. The first generation of community schools includes the 15 schools that began operating during the 1998-1999 school year. The second generation includes the 31 community schools that opened during the 1999-2000 school year.

Two local boards of education sponsored community schools for the first time during the 1999-2000 school year.

This report is divided into two volumes. *Volume I* evaluates the improvements and continued problems of the community school initiative and offers recommendations. *Volume II* describes the overall characteristics and provides a detailed profile of each of the 46 community schools.

Characteristics of Ohio's 46 Community Schools

All 46 community schools are located in seven of Ohio's largest urban centers. Forty-five of these are "start-up" schools; one school has been "converted" from an existing public school.

Community schools continue to be smaller than their public school counterparts.

The number of community school sponsors has increased from two to five. Of the 46 community schools, 34 were sponsored by the State Board of Education, nine by the Lucas County Educational Service Center, one by the University of Toledo, one by the Dayton City School District, and another by the Toledo City School District.

Community schools continue to be smaller in size and serve a higher proportion of elementary school students than schools in their corresponding city school districts.

In addition, 30% of the community schools (14) contracted with for-profit school management companies during the 1999-2000 school year to assist with a variety of administrative, financial, and educational functions.

Overall, community schools continue to enroll a higher proportion of minority and poor students, and serve fewer special needs students than corresponding city school districts.

Student characteristics

Community schools continue to enroll a higher proportion of minority students than their city school district counterparts. For the 1999-2000 school year, 81% of community school students were African American, compared to 61% in corresponding city school districts. Most community schools

enroll a greater proportion of students in poverty than their corresponding city school district.

The majority of community school students previously attended public schools.

Community schools also continue to educate a smaller percentage of special needs students than their city school district counterparts. Only 9% of community school students were reported as having a disability requiring an Individualized Education Program (IEP), compared to 13% of all corresponding city school districts.

The majority of community school students previously attended public schools. LOEO found that 89% of community school students came from public schools, 9% from private schools, and the remaining two percent from either home school environments or other community schools.

Teacher characteristics

On average, community school teachers continue to have fewer years of experience and significantly lower salaries than teachers in corresponding city school districts.

LOEO found that the years of teaching experience and the salaries of community school teachers continue to be considerably lower than their colleagues in the city districts. On average, community school teachers had 3.7 years of teaching experience compared to 13.5 years for teachers in the corresponding city school districts.

The annual salary of community school teachers continues to parallel their relative inexperience. An average teacher in a community school earned $26,384 during the 1998-1999 school year. In contrast, a teacher in the corresponding city school districts earned an average of $44,160. Although lower than that of the corresponding city school districts, the average salary of community school teachers has risen considerably from the 1998-1999 school year, when it was only $22,070.

Teacher retention in community schools is lower than in corresponding city school districts. Fifty-five percent of first-generation community school teachers continued to work at the same community school a year later. In contrast, 78% of teachers employed by corresponding city school districts were employed at the same school a year later.

Forty-one percent of community schools target "at-risk" students.

Educational approaches

Most community school founders started their schools in response to what they saw as deficiencies in the ability of the public school system to meet student needs, such as unchallenging learning experiences, a "one-size-fits-all" approach to learning and teaching, or a lack of individual attention to students.

The educational approaches used in community schools have been used by traditional public schools in Ohio and across the nation.

Forty-one percent of community schools (19) target "at-risk" students, such as adjudicated youth, dropouts, students who have failed Ohio's proficiency tests, or students with various developmental or learning disabilities. In some instances, the community school's goal is to integrate its students back into a traditional public school.

Although community schools seek an alternative vision of schooling, LOEO found that their educational approaches are not unique, but have, in fact, been tried in traditional public schools in Ohio and across the nation.

Community schools use various curricula, including interdisciplinary, vocational, life skills, character education, and nationally-developed and researched school reform models. In addition, the majority of community schools align their curriculum, partially or completely, with Ohio's Model Curriculum.

Most community schools align their curriculum with Ohio's Model Curriculum.

In general, the instructional strategies employed by community schools are intended to provide a more individualized education for their students. Over one-third of all community schools develop individualized education plans for their students and/or operate in smaller schools and classrooms. Over half of all community schools combine students of various ages and skill levels in their classrooms. Some community schools instruct according to the multiple ways in which children learn (e.g., visually, spatially). Some community schools emphasize technology through computer-assisted learning.

Over one-third of community schools develop individualized education plans for their students.

Three-fourths of all community schools seek to involve parents in their child's education. Parents are involved in nearly all facets of operating a community school – as members of governing boards, tutors, fundraisers, and chaperones.

The means by which community schools assess the academic performance of their students is similar to that of traditional public schools (e.g., standardized, norm-referenced exams, Ohio's Proficiency tests, teacher-constructed assessments, and student portfolios).

LOEO Findings and Recommendations

Community schools and their sponsors are learning from their experiences and refining their operations.

With each new year of operation, community schools, sponsors, and the Ohio Department of Education (ODE) continue to learn from their experiences and refine their operations. Community school sponsors and ODE have improved the quality of their technical assistance. Furthermore, community schools are learning how to better structure their governing boards, to collaborate with other community schools and local agencies, and to deal with unrealistic expectations about operating a school.

Despite improvements in the overall operation of community schools, LOEO concludes that changes still need to be made in the areas of transportation, facilities, federal tax-exempt status, lottery admissions process, and annual reports.

Transportation

Transportation remains a serious barrier to the community school initiative.

Similar to the first year of Ohio's community school initiative, transportation of community school students continues to be a problem for community schools and school districts alike.

Community schools are unhappy with what they regard as inadequate, and in some cases non-existent, yellow bus service for their students. A number of community schools have had to pay for transportation out of their operating funds. Community schools also complain of being pressured by districts to adjust day-to-day schedules and school calendars, adjustments that inconvenience parents and, in some cases, impinge on an important element of the school's educational approach.

Unlike traditional public and some nonpublic school students, who generally attend neighborhood schools, community school students are dispersed across numerous neighborhoods. School districts, which are obligated by law to transport community school students, view their transport as more expensive than that of students attending district-operated and nonpublic schools.

School districts complain that they do not receive rosters of community school students in sufficient time to order new buses, if needed, or to incorporate them in their overall route planning. They also report that community schools' rosters are often incomplete or contain the names of students who have not committed to attending these schools.

Unresolved transportation issues continue to create strained relationships.

These unresolved transportation issues have contributed to the strained relationship between community and traditional public schools and are likely to become more contentious as additional community schools open in the future. If the Ohio General Assembly wants the community school initiative to continue, then it must address this transportation issue.

Therefore, LOEO recommends that the Ohio General Assembly:

- Provide a timely remedy to address the transportation problems expressed by both community schools and school districts. The following three options could be considered:

Option A – Give community schools more control over their yearly calendars, daily schedules, and the quality of their transportation services by absolving school districts of the responsibility to transport these students and instead provide transportation funding directly to community schools. State funding could pay 100% of both the operating and bus purchase/lease costs.

LOEO estimates that this option would cost the state an additional $3.2 to $5.4 million in operating dollars, depending on the percentage of community school students transported. An additional $5 to $6.7 million would be needed to provide 90 to 120 new buses. The total additional cost for Option A would therefore range from $8.2 to $12.1 million for FY 2002.

Option B – Continue requiring school districts to transport these students but provide them additional state reimbursement to account for the wide dispersion of community school students and the scheduling needs of the community schools. Provide school districts with more than the 57.5% reimbursement of operating costs scheduled for FY 2002, and pay 100% of the cost of purchasing or leasing additional buses.

At an 80% reimbursement rate, for example, the additional cost to the state would range from $2.6 to $4.3 million for operating costs, depending on the percentage of community school students transported. An additional $5 to $6.7 million would be needed to provide 90 to 120 new buses. The total additional cost for Option B would therefore range from $7.6 to $11 million for FY 2002.

Option C – Continue requiring school districts to transport these students but at least provide school districts with 100% of the cost of purchasing or leasing additional buses. This approach offers equivalent funding for transporting community school students as is currently provided for transporting nonpublic school students and students with disabilities.

An additional $5 to $6.7 million would be needed to provide 90 to 120 new buses.

Facilities

One of the largest barriers to the community school initiative is acquiring suitable and affordable facilities.

One of the largest barriers to the community school initiative is acquiring suitable and affordable facilities. As many as 40 proposed schools did not open during the past two years because of facility concerns. For schools that did open, the majority described finding a facility as very difficult, with almost a third opening late, or starting the year in "temporary" space because of the need for renovations and difficulties in meeting building codes. Facility problems experienced by community schools include:

- Few vacant school buildings;
- Expensive leases and renovations in temporary spaces;
- Limited capital funding;

Limited access to credit; and

- Inexperience and lack of knowledge about building codes.

LOEO expects that facility problems will continue to be a barrier for new community schools, unless some form of state assistance is provided.

LOEO expects that facility problems will continue to be a barrier for new community schools, unless some form of state assistance is provided.

Therefore, LOEO recommends that the Ohio General Assembly consider some or all of the following:

- Provide capital funding to community schools on a per pupil basis – either for leasing or construction.
- Create incentives for school districts, government agencies, and other organizations to provide community schools with unused facility space at lower costs.
- Provide community schools access to tax-exempt financing.
- Provide community schools with access to low-interest loan pools. The state could provide a pool of dollars from which community schools could borrow money with low-interest rates.
- Extend the length of time that a community school can borrow money for facilities, perhaps the length of the school's contract.

Federal tax-exempt status

Eighteen of the 46 community schools do not have federal tax-exempt status.

Even though the Ohio General Assembly intended for all community schools to be nonprofit, Ohio law does *not* require a community school to receive federal tax-exempt status. LOEO found that 18 of the 46 community schools do *not* have federal tax-exempt status. In addition, ten of the 14 community schools operated by a for-profit management company during the 1999-2000 school year do not have federal tax-exempt status. These schools are subject to paying federal corporate income taxes..

Using state dollars to pay federal taxes is not in the interest of Ohio taxpayers or community schools, which need to maximize their funding for educational purposes. Furthermore, community schools may lose donations if contributions made to them are not tax deductible.

Therefore, LOEO recommends the Ohio General Assembly:

- Require community schools to receive federal tax-exempt status.

LOEO also recommends that community schools with governing boards using for-profit management companies:

- Review their management agreements and governing structure to ensure that the school's governing board is in sole control of school operations, thereby facilitating approval of federal tax-exempt status.

Admissions and lottery process

Changes are needed in admission procedures to promote both equal access to community schools and their economic viability.

Current law requires community schools to use a lottery when the number of student applications exceeds the school's capacity. Current law does not specify how a community school is to structure its admission procedure to allow for a lottery to take place.

As a result, there is incompatibility between allowing equal opportunity for admission and the economic viability of community schools. A community school must let all children have an equal chance at entering, yet its officials cannot wait until the last moment to hold a lottery. Parents need to know whether or not their child has been admitted well before the start of the school year or they will not send their children to a community school.

Therefore, LOEO recommends that the Ohio General Assembly:

- Adopt language to provide more guidance to community schools regarding when and how a lottery should take place.

One possibility is to specify that community schools establish a given enrollment period. At the end of the enrollment period, if the number of applications exceeds capacity, a lottery would be conducted to determine admissions. Community schools could be allowed to set the length of the enrollment period, with the Ohio General Assembly specifying a minimum amount of time in order to allow

parents to learn about the school and submit their applications.

Most community schools have recognized that their annual reports are an important mechanism for accounting.

Annual Reports

One of the central tenets of the charter school movement is greater autonomy in exchange for greater accountability. Since LOEO's first report in April 2000, most community schools appear to have recognized that their annual reports are an important mechanism for accountability. Sponsors appear to be stressing the significance of accountability and guiding their community schools through the process of preparing an annual report.

LOEO received annual reports from 44 of the 46 community schools that operated during the 1999-2000 school year. Compared to the poor quality of these reports for the 1998-1999 school year, most annual reports for the 1999-2000 school year were better organized, more clearly written, included more data, and highlighted special activities and programs.

Although community schools' annual reports have gotten progressively better, some information critical to the accountability of these schools continues to be missing.

Although community schools' annual reports have gotten progressively better, information critical to the accountability of these schools continues to be missing. Twenty-four percent of the 46 community schools did not provide the required financial information in their annual reports. Three-fourths of the community schools contractually required to conduct parent satisfaction surveys did not include these results in their annual report. Furthermore, not all community schools are documenting the extent to which they are making progress in meeting the academic goals and standards outlined in each of their contracts.

Therefore, LOEO recommends that community schools:

- Improve the contents of their annual reports by providing financial information and being clear about how, and to what extent, they are achieving *all* of the academic goals stated in their contracts.

- Assess parent satisfaction and develop strategies to gather and analyze feedback from parents, when they have contractually promised to do so.

Community Schools in Ohio: Second-Year Implementation Report
Volume I: Policy Issues

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Chapter I
Introduction

This is the second in a series of Legislative Office of Education Oversight (LOEO) reports focusing on community schools in Ohio.

- *Volume I of this report evaluates the improvements and continued problems of the community school initiative and offers recommendations.*
- *Volume II describes the overall characteristics and provides a detailed profile for each of the 46 community schools that operated during the 1999-2000 school year.*

Background

Charter schools are state-funded public schools. What makes them different from traditional public schools is that they are exempt from many of the rules and regulations that traditional public schools must follow. In exchange for fewer rules and regulations, charter schools are expected to be more accountable for the academic performance of their students.[1] The exact nature of this agreement is formalized in a contract between the charter school and its sponsor.

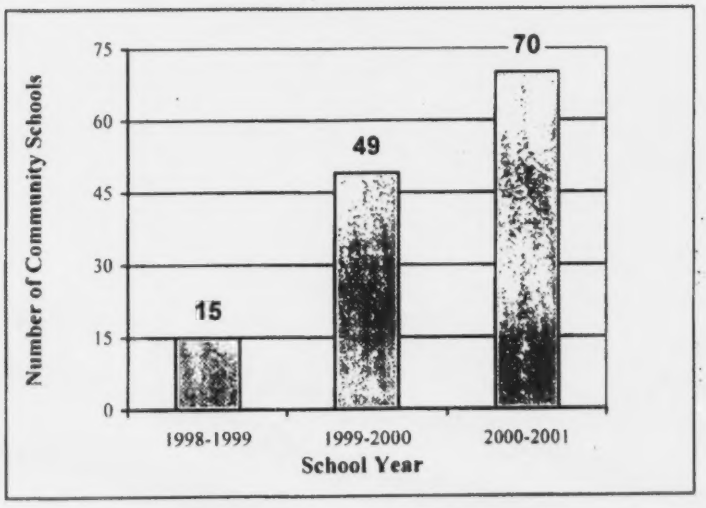
In 1991, Minnesota became the first state to enact charter school legislation. Since then, 36 states and the District of Columbia have passed charter school laws. According to the Center for Education Reform, there are 2,069 charter schools operating in 32 states and the District of Columbia during the 2000-2001 school year.

In 1997, Ohio joined the growing number of states that allow charter schools. Charter schools are called "community schools" in Ohio to avoid confusion with private schools that operate under charters issued by the State Board of Education. Two types of community schools can be created in Ohio: *"start-up"* schools that are newly created; or *"conversion"* schools composed of a classroom, a wing of a building, or an entire public school that has been transformed into a community school.

Similar to the growth of charter schools nationally, the number of community schools in Ohio has expanded rapidly. During the 1998-1999 school year, 15 community schools operated in Ohio; that number expanded to 49 in the 1999-2000 school year and has grown to 70 during the 2000-2001 school year. Exhibit 1 shows the growth of community schools. Appendix A provides a list of all 70 community schools.

[1] For detailed information on the laws from which community schools are specifically exempt and not exempt, see Appendix C in LOEO's previous report, *Community Schools in Ohio: First-Year Implementation Report*, April 2000.

Exhibit 1
Growth of Community Schools in Ohio
1998-1999 to 2000-2001 School Year



Ohio's community school sponsors. According to Ohio law, the following entities are eligible to sponsor *start-up* community schools:

- State Board of Education;
- Lucas County Educational Service Center (LCESC);
- University of Toledo; and
- Boards of any city, local, exempted village, or joint vocational school district.

Only local boards of education may sponsor a *conversion* community school.

Community schools sponsored by the State Board of Education are limited to locations within the territory of the state's largest 21 urban school districts or any district determined to be in "academic emergency." Schools sponsored by LCESC and the University of Toledo are limited to Lucas County or an adjacent county. While Ohio law does not limit the number of community schools sponsored by LCESC, the University of Toledo, or local boards of education, the law does limit the State Board of Education to sponsoring no more than 125 schools in FY 2001. As of the beginning of the 2000-2001 school year, the state board is the largest single sponsor of community schools, holding contracts with 55 of the 70 community schools.

Governance and management. Ohio law mandates that community schools have a governing board that acts as the school's legal authority. Unlike members of local school boards, governing board members of community schools are not elected to their position. Instead, they are selected according to the policies and procedures set forth in the school's contract with its sponsor. Governing board members can include community members, parents, and even employees of the school.

While each community school must be established as a nonprofit corporation according to state law, community school

governing boards are free to contract with private, for-profit companies for services such as, financial management and curriculum development. A number of companies specialize in providing management and educational services to charter schools nationwide.

Teacher qualifications. Classroom teachers employed by a community school must hold the appropriate Ohio licensure. A community school may employ non-certificated persons to teach up to 12 hours per week, the same exception that already applies to traditional public schools. A community school must detail in its contract the qualifications of its teachers and agree that the school's classroom teachers are licensed according to state standards.

Collective bargaining. In the case of a conversion community school, existing public school employees may remain part of the collective bargaining unit they were in prior to conversion, form a new unit, or petition not to have a collective bargaining unit. Teachers in start-up community schools are free to form a new collective bargaining unit should they so desire. As of this report, teachers in only one community school have a collective bargaining unit. These teachers are also part of Ohio's only conversion community school.

Curriculum and student testing. Community schools must administer Ohio's Proficiency Tests in grades 4, 6, 9, and 12. Additionally, community schools may only award diplomas to students passing the Ninth-Grade Proficiency Test and completing the high school curriculum as set by the school.

Reporting requirements. Similar to traditional public schools, community schools are required to report student, staff, and financial data through the state's Education Management Information System (EMIS). Community schools are also required to submit annual reports to parents, their sponsor, and the Legislative Office of Education Oversight. These annual reports must detail the extent to which community schools are meeting their academic and financial goals as stated in their contract. As such, they are an important part of community school accountability.

Funding. In general, community schools are eligible to receive the same type of state and federal funds that school districts receive. State funds include:

- Base cost funding;
- Special education;
- Disadvantaged Pupil Impact Aid (DPIA);
- SchoolNet; and
- Local Professional Development Block Grants.

Federal funds include:

- ESEA Title I (compensatory education);
- ESEA Title II (professional development);
- ESEA Title IV (safe and drug-free schools);
- ESEA Title VI (innovative education strategies);
- ESEA Title VI B (handicapped); and
- School lunch and breakfast programs.

Both the state and the federal governments provide community schools with planning and start-up grants totaling $150,000 per school (over a three-year period). These funds are intended to help community schools plan their school's opening and pay for initial start-up costs, such as facility renovations or material purchases.

A preliminary estimate of the state dollars going to community schools in FY 2000 is $52.4 million. This is an underestimate, because it does not include disbursements for the last two months of the fiscal year.

Scope of *this* report

This second LOEO report is divided into two volumes. *Volume I: Policy Issues* examines the improvements being made by community schools and the various agencies that assist and monitor them. *Volume I* also describes the ongoing problems with the community school initiative, as well as identifies concerns that may hamper the success of community schools and negatively impact school districts.

Volume II: Descriptions of 46 Community Schools describes various characteristics of the community schools in Ohio that operated during the 1999-2000 school year, including their educational approaches. *Volume II* also provides comparisons between community schools and the seven city school districts in which they are located.

Unless otherwise noted, LOEO's findings in both volumes of this report are based upon 46 of the 49 community schools that operated during the 1999-2000 school year. Three community schools that operated during the 1999-2000 academic year were not examined because two closed before the end of the year and the third opened too late in the year to be part of this study.

Both volumes pertain to the first and second generation of community schools. The first generation includes the 15 schools that began operating during the 1998-1999 school year. The second generation includes the 31 community schools that opened during the 1999-2000 school year. LOEO illustrates differences between first- and second-generation community schools with regard to various issues.

This second report does *not* include a discussion of issues faced by community schools that opened for the first time during the 2000-2001 school year or their sponsors. It does, however, provide enrollment information for schools that opened during that year.

Scope of *future* LOEO reports

Three subsequent LOEO reports will assess the impact of community schools on: the academic performance of their students; the satisfaction of students, teachers, and parents; and the impact of this initiative on the public school system at large. LOEO will make recommendations regarding the future of community schools in Ohio in its final report to be issued in 2003.

LOEO methods

To complete this second report on community schools, LOEO used the following research methods:

- Site-visits, interviews, or classroom observations with all 46 of the community schools under study;
- Interviews with representatives from various state agencies and school districts;
- Surveys of all 31 second-generation community schools;
- Analysis of community schools' contracts and annual reports, EMIS data, Auditor of State reports, and other data; and
- Review of the research literature.

Appendix B provides more detail on LOEO's methodology and Appendix C presents a selected bibliography.

Chapter II
Improvements in Implementation

This chapter describes improvements in the implementation of the community school initiative made by the Ohio Department of Education, the various sponsors, and the community schools themselves.

In its April 2000 report on community schools, LOEO found that community schools struggled with delays in their funding and received inadequate technical assistance from the Ohio Department of Education (ODE).

With each new year of operation, community schools and ODE learn from their experiences and refine their operations. This chapter describes what community schools and ODE have learned and how they have improved the implementation of the initiative.

****

Technical Assistance

In order for a new school to operate effectively, it is necessary that there be a place where founders, administrators, teachers, and parents can go for guidance and general assistance. As one community school director pointed out, it is not until community schools are operating that they realize the areas in which they need assistance. Therefore, appropriate and effective technical assistance not only includes informational seminars, but also accurate and timely responses to questions that schools have throughout the school year.

There have been significant improvements in the quality of technical assistance provided to these schools.

The Ohio Department of Education. In June 1999, Am. Sub. H.B. 282 required ODE to create the Office of School Options (OSO). It appropriated $400,000 each fiscal year for the office to provide advice and assistance to all of Ohio's community schools, sponsors of community schools, and founders considering a community school.

Community schools reported that the technical assistance they received from ODE improved with the creation of OSO. Nearly all of the 15 first-generation community schools reported improvements in the technical assistance they received between their first and second years of operation. For example, OSO has increased the number of workshops it provides to interested founders and community school administrators. When asked to rate the overall quality of the technical assistance received by ODE, almost half of the 31 second-generation community schools reported that the assistance was "good" or "excellent."

However, despite notable improvements in its technical assistance, community schools still perceived a lack of consistency and effective communication within ODE. Some community schools

described situations in which they received conflicting answers to a question, depending upon the individual they spoke to within ODE. In fact, community schools suggested that ODE put together a contact list identifying who would be authorized to give definitive and consistent answers to their questions.

In addition, some community schools feel the need for ODE to provide more information and guidance on specific topics, such as guides to acquiring grants and special education. Although community schools had a basic understanding of these topics, they needed specific information regarding available services, instructions on how to obtain various services, and deadlines for when application forms need to be submitted.

Lucas County Educational Service Center (LCESC). During the 1998-1999 biennium, the Ohio General Assembly provided LCESC with $150,000 each fiscal year to provide sponsorship and technical assistance to community schools in the Lucas County Pilot Project. (See LOEO's first-year implementation report for information on the pilot project.) During the 1998-1999 school year, LCESC provided community schools with a handbook for planning and developing a school, workshops, newsletters, and monthly meetings. Community schools in Lucas County rated the technical assistance they received from LCESC favorably.

During the 2000-2001 biennium, the Ohio General Assembly repealed the Lucas County Pilot Project, but continued to provide LCESC with $100,000 each fiscal year to carry on sponsorship and technical assistance to community schools. In addition to providing the same services and technical assistance as the prior school year, LCESC initiated a statewide conference for community schools. The majority of community schools served by LCESC during the 1999-2000 school year reported the technical assistance they received as either good or excellent.

Management companies. LOEO found that community schools benefit significantly from the assistance of management companies in areas such as financial management, curriculum development, teacher in-services, and general support and guidance. Directors remarked to LOEO that the management company is the first place they turn when they have questions.

Community schools not operated by a management company must be responsible for all aspects of running the school, ranging from curriculum design to staff hiring and evaluations to planning budgets. The director of one community school without a management company commented that, "Schools operated by a management company have the assistance I was looking for this year."

Other agencies. Community schools were very positive in their evaluation of the assistance they received from several other agencies, such as the Ohio Community Schools Center (OCSC) and the Dayton Alliance for Education. Community schools rated the technical assistance of these agencies as superior to that of other sources. These agencies not only helped community schools through training sessions and meetings, but also provided services directly to the community schools, such as fiscal management and parent satisfaction surveys.

It is possible that community schools viewed other agencies as providing superior technical assistance because such organizations offered a better opportunity for networking among community school administrators during monthly meetings. Such meetings served as an opportunity for community schools to share ideas and information regarding state and federal laws, innovations, and implementation issues.

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Timely Funding

LOEO found in its first report that community schools experienced delays in receiving state and federal funding. Many of the funding problems that existed during the 1998-1999 school year have been resolved through changes in legislation. Furthermore, ODE has improved the timeliness with which it distributes state and federal funds to community schools.

The only funding that continues to be late is ODE's disbursement of state and federal planning and start-up grants. As LOEO stated in its first report, in order for planning and start-up dollars to be most useful to a community school's development, the funds need to be available several months prior to the school's opening. Nine of the 31 second-generation community schools (29%) reported that they did not receive their planning and start-up grants until a few weeks before their school opened or several weeks into the school year.

Am. Sub. H.B. 282 of the 123rd Ohio General Assembly eliminated planning and start-up grants targeted for community schools in the Lucas County Pilot Project and instead appropriated $3 million for grants to be used by community schools statewide. These dollars were in addition to the federal planning and start-up grants already being distributed by ODE. State law also stipulated that community schools that received federal planning and start-up grants were not eligible for the state grants.

It took until December 1999 for ODE to set policies and procedures to guide the disbursement of state and federal planning and start-up grants. As a result, several community schools that opened in August or September of the 1999-2000 school year did not receive all of their planning and start-up grants prior to opening. ODE has assured LOEO that all the problems with disbursing these funds have been corrected. The majority of new community schools now receive state grants shortly after signing a preliminary agreement with their sponsor and receive federal grants prior to opening.

Lessons Learned by Community Schools

Community schools are learning how to better structure their governing boards, to collaborate with other community schools and local agencies, and to deal with unrealistic expectations about operating a school.

Governing boards

Membership. Second-generation community schools are realizing the advantages of having board members with various skills and experiences. Community school administrators are learning that it takes a balance of both educational and business experience to successfully operate a community school. Educational background is critical for developing a curriculum, guiding the staff, and understanding student needs. Business knowledge is necessary for finding a facility, obtaining funds, and remaining financially solvent.

Nineteen of the 31 second-generation community schools (61%) have governing board members with backgrounds in education and business. Second-generation community schools are also realizing that governing board members with architectural backgrounds are invaluable to finding and renovating facilities, and that legal expertise is critical for abiding by educational law.

Thirteen of the 31 second-generation community schools (42%) replaced members of their governing board over the course of the academic year. Many second-generation community schools are realizing that their governing boards need to include more parents and are implementing changes. These schools realized that while parents may not have been appropriate for "planning" a community school, they are critical for "sustaining" a school.

Conflicting roles. Unlike school districts whose board members cannot be employees of the district (for reasons of conflict of interest), Ohio law allows governing board members of community schools to also be employed by the board. Seventeen of the 31 second-generation community schools (55%) have their director serving as a member of their governing board. Six of the 31 second-generation community schools (19%) have teachers serving on their boards.

In any public organization, there needs to be a system of checks and balances within its governing structure. For example, when a director or a teacher of the school also sits on the governing board, who is responsible for removing that person from his or her position should the need arise? Unfortunately, a few community schools have found through experience that having a director sit on the governing board can create problems. One community school's governing board had a difficult time dismissing the school's director, who also sat on the governing board.

The experiences of community schools are reinforced by a policy paper adopted by the State Board of Education, which states that "clear lines of authority between the management and governance of a community school are essential to success." Both ODE and the State Board of Education encourage community schools to separate the functions of management and governance, and remind community schools that governing boards hold the authority and responsibility for operating a public school.

Collaboration

Given the difficulties of starting and operating a community school, it is not

surprising that several second-generation community schools, even those privately managed, feel the need to share experiences and resources with one another. LOEO found that community schools in some cities meet regularly to network, share transportation costs, or collaborate on responsibilities (e.g., Local Professional Development Committees). Still, some community school administrators admit that the schools do not work together as well as they should because of their competition for students, resources, and facilities.

Community schools are learning the value of collaborating with local agencies in order to expand their limited resources. For example, several schools integrate local libraries, art centers, and zoos into their educational programs. A few schools even share cafeteria and recreational space with their local YMCA or Salvation Army as a way to expand their facility.

Unrealistic expectations

All community schools are realizing how to deal with the unrealistic expectations they once had for students, parents, and their own management of a public school.

Students. Many second-generation community schools were unrealistic about the educational and behavioral preparedness of their students. Some second-generation community schools are adjusting their curriculum to meet the needs of their students by adding remedial education courses or incorporating behavioral management into their lessons.

Eight of the 15 first-generation community schools (53%) have learned that high student attendance requires constant interaction with parents. For example, one community school has a fulltime home-to-school coordinator whose job duties include home visits, monitoring student attendance, and helping families with problems.

Parents. The majority of community schools seek to involve parents in their child's education through parent associations, parents volunteering in the school, and parents serving on the governing board. Seventeen of the 46 community schools (37%) require parents to sign a "compact" in which they agree to volunteer for a specified number of hours as a condition of their child's enrollment.

Ohio's community school law prohibits a community school from charging tuition for the enrollment of any student (ORC 3314.08(I)). Parental requirements to volunteer or serve a community school are considered "tuition" by the Auditor of State. The Ohio Department of Education and the Auditor of State discourage community schools from using parental contracts. ODE explains to community schools sponsored by the State Board of Education that parental contracts are not binding in any way and that schools may not take any action against the student, such as denying enrollment, if the parental contract is broken. It is unlikely that any public school, community or traditional, has the power to terminate a child's enrollment based upon a lack of parental involvement.

Both first- and second-generation schools are realizing that although community schools require active parental choice, such choice does not guarantee active parental involvement. As one school administrator pointed out, parents of urban students spend a large portion of their energy just surviving the day-to-day demands of life and have little energy to assist the community school. Some community schools are learning to be more

"realistic" about the degree of parental involvement.

Management of a public school. Community schools are learning the realities of operating a public school and the expensive nature of public education. Even with increased flexibility and fewer state mandates, there are still certain laws that community schools must follow in order to ensure that children receive a safe, quality education and provide accountability for public funds. Community schools are realizing that it takes many resources (i.e., personnel and money) to operate a public school. Several administrators of second-generation schools admit to having unrealistic budgets for starting up and operating a public school. One director commented that she would not open another community school without receiving the start-up funding "up-front."

Because community schools' funding levels are directly related to the number of students they serve, several second-generation community schools quickly learned how a small drop in student enrollment can impact their budget. One community school learned that even if a student shows an initial interest, it does not guarantee that the student will ultimately enroll or remain in the program. In addition, community schools learned that the mobility rate of an at-risk population of students is too high to guarantee continued enrollment. Because of low enrollment in its first year of operation, one community school appointed a member of its governing board to deal exclusively with marketing to attract students.

Community school administrators are also discovering that their ability to quickly make changes in personnel and policy gives them an advantage over traditional public schools. For example, one community school director described firing a principal and amending the contract with its sponsor during a single governing board meeting. The changes were critical to the community school's operations, since the former principal had failed to enforce school policies and had spoken negatively about the school. A fellow (traditional) public school administrator, with whom the director of this community school conversed, remarked: "It would take me at least two years to fire someone."

Another community school principal described having to let go two "good teachers," because their style of collaboration did not fit with the educational model of the school. This principal acknowledged that he could not let teachers go in this manner if he were in a traditional public school.

Even with the flexible staffing, community schools are learning that they need to spend more time interviewing and selecting staff, to hire more experienced staff, and that low salaries contribute to their hiring difficulties. (See *Volume II* for a description of the salary and years of experience of community school teachers.) Furthermore, a few community schools have realized the need to spend time prior to the start of the school year training their teachers on the school's curriculum, philosophy, and mission.

Work overload. It is difficult for any individual to be a teacher, administrator, and a governing board member. Each role is very demanding and there is simply too much work for one person to handle the multiple roles successfully. One community school, which was designed to be teacher-driven and without a single administrator, has realized that the multiple roles are too

overwhelming. This community school eventually hired a fiscal agent to help handle some of the administrative tasks. However, the teachers in this school continue to be responsible for teaching, setting the curriculum, serving as secretary and principal, and complying with EMIS and other reporting requirements.

Chapter III
Accountability of Community Schools

This chapter describes four of the mechanisms that are used to hold community schools accountable to their sponsors and the public and evaluates the quality of community schools' annual reports.

One of the central tenets of the charter school movement is greater autonomy (fewer rules and regulations) in exchange for greater accountability. As LOEO described in its first report, there are five means to ensure that community schools remain accountable to students, parents, staff, sponsors, and the public at large. These mechanisms include:

1. Annual reports produced by the community school;
2. Financial audits conducted by the Auditor of State;
3. Contract renewal and termination procedures of sponsors;
4. Annual report cards produced by the Ohio Department of Education (ODE); and
5. Parental choice.

After two years of operation, it is possible for LOEO to examine four of these accountability mechanisms: annual reports, financial audits, contract renewal and termination, and annual report cards. LOEO will survey parents about the choices they make in sending their children to community schools for its third report in this series. This report will be available in the summer of 2001.

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Annual Reports

Since LOEO's first report in April 2000, most community schools appear to have recognized that their annual reports are an important mechanism for accountability, and the overall quality of these reports have greatly improved.

Unlike last year, sponsors appear to be stressing the significance of accountability and guiding their community schools through the process of preparing annual reports. For example, the Lucas County Educational Service Center (LCESC) conducted a workshop specifically designed to help community schools prepare and write their annual reports. Furthermore, LCESC implemented a parent satisfaction survey for the community schools in Lucas County and provided the data for community schools to include in their annual reports.

Similarly, ODE's Office of School Options provided information about annual reports during a workshop for new schools. It also provided written guidelines regarding what is required by law to be included in annual reports for all of the schools it sponsors.

Compared to the poor quality of annual reports for the 1998-1999 school year, most annual reports for the 1999-2000 school year were better organized, more clearly written, highlighted special activities and programs, and included more data on the levels of parent satisfaction, student achievement, and financial information.

LOEO received annual reports from 44 of the 46 community schools that operated during the 1999-2000 school year. Despite the progress hailed above, community schools still need to improve upon the timeliness and the contents of their annual reports.

Timeliness

The majority of annual reports were late, ranging from a few days to seven months. On average, community schools submitted their annual report to LOEO 54 days after the date specified in their contract. Even after multiple requests from LOEO, the following two community schools did **not** submit an annual report:

- Rhea Academy (Dayton)
- WOW Accelerated Learning Community School (Dayton)

Contents of annual reports

Financial. In addition to the financial audit of community schools, Ohio law requires the financial status of a school to be included in its annual report. Thirty-two of the 46 community schools (76%) provided financial information for the 1999-2000 school year. Most of the community schools (28) that provided financial information did so in the form of an itemized list of revenues and expenditures. Some community schools (16) went even further and provided a narrative that explained the various sources of revenue and types of expenditures. Such a description helps parents and sponsors understand the financial status of community schools.

Academic goals. The law requires community schools to document the extent to which they are making progress in meeting the academic goals and standards outlined in each of their contracts. LOEO carefully examined the annual reports provided by the first-generation community schools to determine if these schools reported on and provided evidence regarding their students' academic progress. LOEO also compared the goals and standards listed in each community school's contract with the academic progress reported in the school's annual report.

Three of the 15 community schools (20%) provided evidence and clear explanations regarding how, and to what extent, they were achieving *all* of the academic goals stated in their contracts.

Nine of the 15 community schools (60%) provided evidence and explanations on the progress they were making on *some* of the goals stated in their contracts. For example, one community school did not report its attendance rate, dropout rate, or degree of parent satisfaction, even though the school's contract with its sponsor states that such information will determine the school's progress. Another community school provided proficiency test scores for its fourth graders, but no scores were provided for its sixth and eighth grade students. Furthermore, this community school only provided one year's worth of data on fourth-grade proficiency test scores. This makes it difficult for the reader to determine the degree of progress achieved by the school from year to year.

Three of the 15 community schools (20%) did *not* report on any of the academic goals stated in their contracts. For example, these community schools provided no data on student performance (e.g., proficiency test scores, progress on Individual Education Plans, etc.) or parent satisfaction.

Satisfaction levels. Assessing and reporting parent satisfaction is a significant indicator of school performance and accountability. Twenty of the 46 community schools (43%) state in their contracts that they will survey parents in order to measure their school's performance. Unfortunately, only five of the 20 community schools contractually *required* to conduct such surveys included the results in their annual report. On the other hand, some community schools *not* required by their contract to conduct parent surveys, did so, and included the findings in their annual reports.

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Financial Audits

Community schools are required by law to maintain financial records in the same manner as school districts (i.e., in accordance with the Uniform School Accounting System and the Education Management Information System). Similar to school districts, community schools must file an annual financial report with the Auditor of State within 150 days of the end of the fiscal year. In addition, community schools are audited annually for their first two years of operation and then biennially, unless the community school receives $300,000 or more in federal revenues; in this case, an annual audit is required.

The Auditor of State completed its first round of financial audits of the 15 first-generation community schools. These audits reviewed the financial activity, legal compliance, and internal controls of each community school. All 15 schools received at least one recommendation from the Auditor of State, the most common of which centered on improving compliance with Ohio's "open meetings" laws.

Ten of the 15 first-generation community schools received at least one "finding" in their audit report related to an instance of legal noncompliance or lack of internal controls over financial reporting. (A "finding" is something that significantly and *directly* impacts the financial reporting of the community school.) Examples of findings cited by the auditor include:

- Weaknesses in payroll processing;
- Inconsistencies in purchasing; and
- A lack of documentation to support financial transactions.

The Auditor of State recommended that all 15 first-generation community schools establish an audit committee, whose primary role would be to monitor and review the school's accounting and financial reporting practices, and to follow-up on citations and recommendations resulting from an audit. Furthermore, the Auditor of State suggested that all community schools develop and implement an effective monitoring control system and fixed asset accounting system. Both systems would improve a community school's management and reporting of financial resources.

Sponsor Contract Termination and Renewal

The contract between the school and its sponsor is the most defining characteristic of a community school. The Ohio General Assembly specified the right of sponsors to terminate a contract with a community school that fails to meet student performance standards (as outlined in the contract), is fiscally mismanaged, violates state or federal laws, or violates any provision of its contract. Since community schools began operating in Ohio, two schools have had their contracts terminated: Riser Military Academy and Monroe Academy.

Riser Military Academy (Columbus). Sponsored by the State Board of Education, Riser Military Academy offered a performance-based educational program with military-style training and discipline. In addition to having insufficient funds to meet financial obligations, the State Board of Education cited Riser Military Academy with violating a number of provisions in its contract. A few of the violations included failure to:

- Provide students with access to computers, when computer technology was a central component of the school's curriculum;
- Hire certified teachers; and
- Complete construction of the school's facility.

The State Board of Education voted to terminate Riser's contract at the end of the 1999-2000 school year. Due to financial problems, however, the founder and director of the school closed the Academy in February 2000. A complete list of the contract provisions that were violated by Riser Military Academy is in Appendix D.

Monroe Academy (Toledo). Sponsored by the Lucas County Educational Service Center (LCESC), Monroe Academy was a dual-language school focused on serving immigrants from Arabic-speaking countries. During its first year of operation, LCESC cited Monroe Academy with violating 17 provisions of its contract, such as failure to adhere to the curriculum stated in the school's contract and failure to meet all standards of health, safety, and building codes. LCESC terminated the school's contract at the end of the 1999-2000 school year. A more detailed list of the contract provisions that were violated by Monroe Academy is in Appendix D.

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Annual Report Cards

In February 2001, ODE released the first Local Report Cards for Ohio community schools. By law, a report card cannot be issued for a community school until after its second year of operation. As such, only Ohio's 15 first-generation community schools are featured. Of these, only nine of the 15 schools have proficiency test data available, the remaining six serve mostly students with disabilities who are exempt from testing or do not have the grade levels at which the tests are administered. Proficiency test scores from these report cards will be analyzed in LOEO's third report on community schools, which will be released in the summer of 2001.

Chapter IV
Ongoing Problems with Transportation and Facilities

This chapter describes the transportation and facility problems that continue to impact community schools.

Despite improvements in their overall operation, community schools continue to face obstacles to efficient transportation and adequate and affordable facilities. Struggles with student transportation continue to impact the educational services of community schools and weaken the relationship between community schools and traditional school districts. Difficulties in finding adequate facilities keep some community schools from opening on time, and in other instances, drain their limited financial resources.

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Transportation

Transportation requirements

According to Ohio law, each school district must transport community school students residing in the district to community schools located inside district boundaries. Such transportation must be provided on the same basis that the district transports its own students. For instance, if a school district has adopted a policy to transport students who reside more than one mile from their district-assigned school, then it must also transport community school students living more than one mile away from their community school.

In addition, a school district is required to transport non-handicapped community school students outside of district boundaries as long as it does not require more than 30 minutes of travel time. Transportation services are not required if the district determines that such transportation is "unnecessary or unreasonable" for a specific pupil.

Where it is impractical to transport a pupil to and from a community school, a district may, in lieu of providing the transportation, pay a parent, guardian, or other person in charge of the child for transporting that child. A school district may not, however, make a "blanket" determination that all community school student transportation is "unnecessary or unreasonable." School districts must make such a determination on a child-by-child basis.

Furthermore, a decision not to transport community school students must be confirmed by the State Board of Education. According to an informal opinion by Ohio's Attorney General, a school district must provide and continue to provide transportation to community school students *until* the State Board of Education confirms the school board's decision.

Findings and recommendations from LOEO's first report. During the first year of Ohio's community school initiative, many community schools felt that school

districts were unresponsive, late, or remiss in their legal responsibility to provide transportation to community school students.

School districts, on the other hand, viewed the transportation of community school students as a costly and logistically difficult mandate given their own fiscal constraints, the geographical dispersion of community school students, and the lateness with which community schools submitted their rosters of students in need of transportation.

LOEO recommended that the General Assembly develop an alternative arrangement for transporting community school students. In addition, LOEO recommended that the Ohio Department of Education (ODE) require districts to separate community school students when reporting transportation data to better ascertain the cost of transporting these students.

Continuing problems with transportation

No alternative arrangements have been made for transporting community school students since LOEO identified this problem in its previous report. Two bills were introduced during the 123rd General Assembly that would have provided school districts with greater state financial assistance for transporting community school students. These bills were not enacted into law, however, and LOEO finds that transportation continues to be a major problem for both community schools and districts.

Beginning with the 2000-2001 school year, ODE requires districts to isolate and report the number of students, buses, and miles for transporting community school students.

Community schools perspective. Twenty of the 46 community schools (43%) indicated to LOEO that the transportation problems they experienced ultimately resulted in a loss of students during the 1999-2000 school year. For the 15 first-generation community schools, the loss ranged from one to 30 students. For the 31 second-generation community schools, the median (or middle) loss was 20 students per school.

During the 1999-2000 school year, 12 of the 46 community schools (25%) arranged and paid for their own transportation, despite the law that requires school districts to transport community school students. One community school estimated that almost one-third of its total expenditures for the 1999-2000 school year were spent on transportation. Another community school spent $5,000 a month to transport 20 students with disabilities. Each of these community schools reduced their educational programming to pay for a service they had not anticipated providing.

Even though the law provides community schools with flexibility in setting their school calendars and daily schedules, one-third of the 46 community schools were unable to fully use this freedom when negotiating transportation schedules with school districts. Several of these community schools had to push back or move forward the start of their school day, in some cases by as much as an hour. A community school serving homeless students was unable to offer school during the summer because the district did not provide bus transportation.

School district perspective. For school districts, the concern is the cost they incur when transporting community school students. Because community schools start

and end the day at nearly the same time as their public school counterparts, school districts must either procure more vehicles and drivers, or negotiate different start and end times with community schools. Even when the negotiations are successful and districts add another run to a bus driver's schedule, districts face the costs of additional fuel and additional pay.

As LOEO stated in its previous report, school districts receive partial state reimbursement for the operating costs of transporting community school students. This reimbursement amount is a set percentage of state average costs as calculated by ODE's transportation model. The state reimbursement percentage set by Ohio law for FY 2001 is 55%. School districts do not receive a special subsidy for the purchase or lease of buses used to transport community school students.

Unlike traditional public and some non-public school students, who generally attend neighborhood schools, community school students are dispersed across numerous neighborhoods. Additional routes are often needed to service community school students, and inefficient transportation occurs when a district must transport community school students from one end of the school district to another.

In order to better understand the dispersion of community school students, Exhibit 2 displays the number of public and nonpublic schools that these students previously attended during the 1999-2000 school year. Community school students were drawn from a range of 24 to 131 different schools across the seven corresponding city school districts. The median (or middle) number was 89 different buildings. Such a dispersion makes it very difficult to efficiently transport students.

Exhibit 2
Number of Different Schools Sending Students to Community Schools
1999-2000 School Year*

School District	Number of Public Schools Sending Students to Community Schools	Number of Nonpublic Schools Sending Students to Community Schools	Total
Akron City	45	8	53
Cincinnati City	68	23	91
Cleveland Municipal	101	30	131
Columbus City	108	20	128
Dayton City**	40	12	52
Toledo City	60	29	89
Youngstown City	20	4	24
MEDIAN	*60*	*20*	*89*

* Includes 36 of 46 community schools that submitted usable data to LOEO.

** Excludes students of Resident Park Elementary School whose school was converted to WOW Accelerated Learning Community School.

In addition to the added costs, several school districts continue to be frustrated by the quality of the student rosters sent to them by community schools for transportation purposes. The names, addresses, and phone numbers of students are sometimes inaccurate. For example, one community school included the names of students who attended its information meeting, but who had never officially enrolled in the community school. Such a practice makes it difficult for districts to plan bus routes.

Timing. Most school districts find it necessary to establish their transportation routes by late June or early July in preparation for the next school year; districts order new buses, if needed, well before then. Most newly established community schools, on the other hand, are still recruiting students in June and July and often do not have their enrollments finalized until after the school year begins. Further complicating route planning for districts, some new community schools change their location prior to the beginning of the school year. Unfortunately for school districts, requiring new community schools to have their facility and student enrollments finalized by early summer is unrealistic.

Current Ohio proposals

Legislative proposal. Legislation has been introduced in the 124th General Assembly that seeks to provide school districts with 100% state subsidies to purchase or lease school buses used to transport community school students. Current law only allows 100% state subsidies for the purchase of buses used to transport nonpublic students or students with disabilities. If enacted, such legislation would help defray the capital costs districts experience in transporting community school students.

State Board of Education proposal. The State Board of Education, in its budget request to the Governor, asked that school districts be relieved of the responsibility to transport community school students. Instead, community schools would be responsible for transporting their own students and state transportation dollars would flow directly to community schools for this purpose. In addition to the state paying 100% of the operating costs incurred by community schools, the State Board proposal sought to provide community schools with 100% state subsidies to purchase or lease school buses for transporting their students. The Governor's budget did not include the State Board's transportation proposal in its current request to the Ohio General Assembly.

Other states' perspectives

LOEO interviewed charter school officials in eleven other states about their transportation policies. The policies implemented by these states vary greatly. Wisconsin, Connecticut, Massachusetts, New Jersey, and Pennsylvania have policies similar to Ohio's, in that a school district is responsible for transporting the charter school students. In some of these states transportation is the responsibility of the child's district of residence, and in other states it is the responsibility of the district in which the charter school is located.

In North Carolina, Minnesota, Florida, and Missouri, the charter school is responsible for determining how their students will be transported. These charter schools have the option of providing their own transportation (e.g., privately

contracting) or contracting with the local district. Money for transporting charter school students is included in the state's funding formula for charter schools.

In Arizona and Texas, neither the district nor the charter school is required to transport these students, although the charter school has the option of providing this service. These two states take the perspective that attending a charter school is a *choice*. That is, if parents *choose* to send their child to a charter school, then they are responsible for getting their child to and from that school. This policy is also seen as a way to hold charter schools accountable. Parents who are willing to take on the burden of transporting their children must conclude that the education provided in the charter school exceeds that in the traditional school.

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Facilities

One of the largest barriers to the community school initiative is acquiring suitable and affordable facilities. Ten community schools did not open for the entire 1999-2000 school year due to facility problems; and another 34 new community schools were unable to open for the 2000-2001 school year because of facility concerns.

Difficulties finding and paying for facilities

Similar to many charter schools across the nation, most second-generation community schools in Ohio experience problems obtaining or renovating facilities. Twenty of the 31 second-generation community schools (65%) considered occupying a number of different facilities before selecting one, and they described the process of obtaining a facility as "very difficult" and often their biggest obstacle to opening. Nine of the 31 second-generation community schools (29%) opened late, or were in "temporary" space, because of facility renovations and difficulties meeting building-code standards.

Few vacant school buildings. Because of the inadequate supply of suitable school facilities available to community schools, it is not surprising that the majority of community schools are located in "non-traditional" school buildings. Twenty-eight of the 46 community schools (60%) are located in former retail space, office buildings, medical buildings, industrial space, church buildings, or buildings owned by local nonprofit agencies. The remaining 18 of the 46 community schools (40%) are located in "traditional" school buildings that were formerly occupied by private or public schools. Only *one* community school is located in a *newly constructed* school building designed specifically for that school.

Four of the seven city school districts in which the community schools are located have either leased directly to a community school or have sold a school building to a third party, which in turn leases the building to a community school. However, the remaining three school districts refuse to sell or lease their unused facilities to community schools. Two community school operators

in different cities reported that the local district declined to sell a school building to them, and the district officials expressed that such buildings were "off limits" to community schools.

A few community school founders reported not knowing where to look for vacant and unused school facilities; some discovered their current location by word-of-mouth. Several community schools located in the same cities, admitted to competing for the same facilities.

Facility sizes and limited resources. The guidelines for the size of newly constructed school buildings established by the Ohio School Facilities Commission range from 115 to 180 square feet per student, depending on the grade levels served. The square feet per student for 22 of the 31 second-generation community schools for which LOEO has information, ranges from 12 to 1,098, with a median of 112 square feet per student.

The variation in size among community schools can be attributed to several factors. First, some community schools are simply forced to use smaller than average classroom space. Second, some community schools are slowly expanding by adding a grade level each school year. Until these schools are filled to capacity, their square feet per student will exceed most others. Third, some community schools do not require the same amount of space as traditional schools, since these schools serve unique student populations in a non-traditional manner (e.g., computerized instruction or vocational training).

The community school with 1,098 square feet per student is located in a former plumbing warehouse, which fits perfectly with the school's educational approach – workforce development and hands-on learning for high school students who are at risk of dropping out. In addition to earning a high school diploma, these students are learning carpentry and construction skills by rebuilding houses in the local community and redesigning the warehouse.

To compensate for limited space, community schools with less than 100 square feet per student, either by choice or as a last resort, "share" resources located outside of their own facility. Community schools often combine art, music, and lunchrooms to save on space. Some community schools share space with other nonprofit agencies (e.g., cafeteria, recreational space). In addition, some community schools use local libraries, museums, and theatres as extended resources for their students.

Expensive rent. All 31 of the second-generation community schools lease their facilities. Based on the limited data from 16 of the 31 second-generation community schools, rental prices vary widely, from 28¢ to $20.74 per square foot. In general, community schools that lease office space tend to pay more than those that lease traditional school buildings. Rent in former private and public school buildings range from $1.24 to $14.58 per square foot; in contrast, office rent ranges from $8.57 to $19.82 per square foot.

The "type" of building does not solely determine cost. Some community schools negotiate "better deals" than others. For example, one community school in Columbus pays seven times the amount per square foot than another community school in Cleveland. Yet, both are housed in former private school buildings. Furthermore, a few community schools admitted to leasing their current facility out of sheer desperation and are locked into long-term leases in buildings that do not allow for future expansion.

Expensive renovations. Most second-generation community schools spent significant amounts of their operating dollars renovating leased facilities, thus making costly investments into "temporary" school buildings. Two community schools described spending over $200,000 in renovations. In the case of one community school, these costly renovations were a "waste of an investment" because the school had to find a new facility for its second academic year.

Limited funding. Unlike Ohio's school districts, which have both operating and capital funds, community schools must spend a portion of their operating dollars on rent and facility renovations. By spending their state allocations on facility costs, community schools have less money to spend on teacher salaries and classroom materials.

Limited access to credit. Building owners or lenders are reluctant to sign lease agreements or make loans with businesses that lack a track record. Such difficulties mirror those of charter schools across the country.

According to a report from the U.S. General Accounting Office (GAO), because of their limited cash flow, limited credit history, inexperienced management teams, and short-term contracts (3-5 years), charter schools are perceived by private lenders to be a credit risk. The GAO found that some charter schools, typically those that have been in existence for several years, only qualify for loans with stringent requirements and high interest rates. In some cases, several charter schools pool their resources, apply for loans as a group, and thereby increase their chances of qualifying.

In Ohio, community schools must borrow and repay a loan within a single fiscal year, similar to traditional school districts. Unfortunately, the expensive renovations required for most community schools' facilities require multiple years of financing. Until the banking industry recognizes them as an acceptable credit risk, community schools will continue to have difficulties securing loans.

Inexperience and lack of knowledge about building codes. Several of the second-generation community school administrators learned that acquiring a facility requires a vast understanding of building codes. One community school director admitted that if she had been savvier about building inspections, her school might not have spent as much on renovations and repairs.

One community school administrator knew in advance the amount of time building inspections would take and waited an entire school year before opening. Unfortunately, this director still felt "blind sided" by the inspection process. His community school managed to meet enough building standards to open within a week of its originally scheduled date. However, the upstairs portion of the community school was not granted student occupancy until further renovations could be made to meet building codes.

Many second-generation community school directors begged for a manual on finding facilities and understanding building codes. A national resource guide, entitled *Charter School Facilities – A Resource Guide on Development and Financing (May 2000)*, now exists to help new charter schools select and finance their facilities. The guide walks a charter school through several critical steps – drafting a business plan, needs assessment, site selection, construction vs. renovation, financing the facility, and establishing a timeline. Unfortunately, building codes vary by locality, and therefore, no such manual exists to help inexperienced community schools located across the state.

Continuing problems for first-generation schools

The problems do not stop once a community school acquires a facility. Four of the 15 first-generation community schools (27%) described inadequate space and expensive rent as continuing concerns.

Three of the 15 first-generation community schools have reached full capacity. One of these community schools outgrew its original facility as it expanded grade levels and as student enrollment increased beyond original projections. This community school acquired a "temporary" facility for the 2000-2001 school year. The school continues to search for a permanent facility closer to the city's zoo, given that part of the school's curriculum is focused on zoology, botany, anthropology, geography, and ecology. In addition to finding a permanent facility, this community school is having difficulty financing the necessary renovations for its temporary building. Similar to all other community schools, it cannot extend its loans beyond a single academic year.

Another first-generation community school feels it is locked into an expensive lease and is unhappy with the landlord's upkeep of the facility. This facility is basically a family-owned indoor horseback-riding arena with attached classrooms and offices. The school pays approximately $120,000 a year in rent. The school feels it has no choice but to pay such an expensive lease rate, given that the school's educational strategy is based on therapeutic riding and care of horses. Furthermore, parts of the building are still not equipped to accommodate disabled students, even after two years of operation. Part of the school's monthly rent was supposed to have gone toward making the entire facility compliant with the Americans with Disabilities Act.

Facility solutions in other states

Fourteen other states and the District of Columbia are helping their charter schools find and finance adequate facilities. Four states and the District of Columbia have begun to provide *capital funding* to charter schools, typically on a per pupil basis (Arizona, Florida, Massachusetts, and Minnesota). Colorado and North Carolina are providing their charter schools with access to *tax-exempt financing*. Both states have passed laws that allow existing public bodies to issue bonds on behalf of charter schools. These laws acknowledge charter schools as public entities; therefore, banks that lend money to these schools are not required to pay federal income tax on the interest they earn from such a loan.

Some charter schools are provided access to low-interest loan pools. For example, the Chicago Public School system established a two million dollar pool of funds upon which charter schools may borrow facility money at a 5% interest rate. Furthermore, policymakers in eleven states and the District of Columbia are creating incentives for school districts, government agencies, and other organizations to provide charter schools with unused facility space at lower costs. For example, Oregon school districts and the South Carolina Department of Education are required to provide charter schools with a list of vacant public facilities that are available for rent, lease, or purchase. Conversion charter schools in Illinois can not be charged rent by the sponsoring school district.

Chapter V
Potential Problems for Community Schools and School Districts

This chapter describes concerns that may hamper the success of community schools and negatively impact school districts.

LOEO has identified some concerns that have the potential for hindering the success of community schools and for negatively impacting school districts. LOEO's concerns center on the nonprofit status of many community schools, the lottery process used by some community schools to admit students, and the financial impact community schools are having on school districts.

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Nonprofit Status of Community Schools

Ohio law requires community schools to be established as nonprofit corporations. This means that each community school must file Articles of Incorporation with Ohio's Secretary of State. These articles require very little information and investigation, and as long as the Articles of Incorporation are in order, state nonprofit status is granted rather quickly to the community schools.

Ohio law does ***not*** require community schools to receive *federal* tax-exempt status, the federal counterpart to Ohio's nonprofit status. Exemption from federal taxes requires a community school to seek approval as a "charitable organization" under Section 501(c)(3) of the Internal Revenue Code. As part of the application for federal tax-exempt status, community schools must supply the Internal Revenue Service (IRS) with more detailed information than the state requires. When considering the granting of federal tax-exempt status, the IRS looks very closely to see that the community school is organized and operated for the benefit of the public and not for the benefit of any private person or corporation.

When reviewing the applications of community schools that contract with for-profit management companies, the IRS reviews the governing board's composition, by-laws, management and lease agreements, budgets, and other documents to ensure that the *governing board*, **not** the *management company*, is in full control of the school's operations and is making decisions with the school's best interest in mind.

Difference between state and federal nonprofit status. State nonprofit status exempts community schools from paying Ohio's corporate franchise and sales taxes. Federal tax-exempt status exempts community schools from paying federal corporate income taxes and makes them eligible to receive tax-deductible donations or contributions.

All 46 of Ohio's community schools studied for this report have ***state*** nonprofit status. At the time this report was written, only 28 of the 46 community schools (61%) are classified as ***federally*** tax-exempt.

Upon further examination, LOEO found that of the 14 community schools that were operated by a for-profit management company during the 1999-2000 school year, only four had received federal tax-exempt status.

In a letter to the Ohio Department of Education regarding the financial audits of Ohio's first-generation community schools, the Ohio Auditor of State expressed concerns about several community schools that contract with management companies. In particular, the Auditor was concerned that the governing boards of these schools were composed primarily of employees and board members of the management company and were not representative of the community.

The dilemma. State law does *not* require community schools to receive federal tax-exempt status. However, community schools that are not tax-exempt are subject to federal corporate income taxes. LOEO tried to determine whether any community schools owe corporate income taxes. However, the federal and state tax departments would not provide LOEO with such data. Using state dollars to pay federal taxes is not in the interest of Ohio taxpayers or community schools, which need to maximize their funding for educational purposes. Furthermore, some community schools may lose donations if contributions made to them are not tax deductible for the person or organization making the donation.

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Community School Admissions and Lottery Process

Under Ohio law, community schools may not discriminate in the admission of students based on race, sex, religion, handicapping condition, or intellectual or athletic ability. A community school may, however, limit student admission to particular grade levels or age groups. A community school may also choose to serve only students defined as "at-risk" or residents of a specific geographic area within the district, which must be defined in the community school's contract. Community schools are also free to enroll students outside the school district in which they are located, similar to a public school district that adopts an inter-district open-enrollment policy.

Lottery requirement. By law, community schools may not enroll a number of students that exceeds the capacity of the school's programs, classes, grade levels, or facilities. If the number of student applications exceeds the school's capacity, the school is required to admit students by lot from *all* students submitting applications. The only preferences may be for students or siblings of students who attended the school the previous year, and students who reside in the district where the school is located, if the school is practicing open enrollment.

Varying admission procedures. LOEO found that community schools adopt a variety of admissions procedures. Some community schools held enrollment periods that ranged from two days to several months. Other community schools did not specify an enrollment period; rather their enrollment was ongoing in a "first-come, first-served" basis. An enrollment period affects a school's lottery requirements. Exhibit 3 describes six enrollment scenarios used by some community schools during the 1999-2000 school year. (This in not an exhaustive list; it is for illustrative purposes only.)

Exhibit 3
Scenarios for Admitting Community School Students

Scenario	Description
1	The community school admits students on a "first-come, first-served" basis, reaches capacity prior to opening, and puts subsequent applicants on a waiting list. No lottery is conducted.
2	The community school admits students on a "first-come, first-served" basis and never reaches capacity prior to the school opening.
3	The community school specifies an enrollment period during which it receives more applicants than the school can accommodate. The school holds a lottery of all applicants at the end of the enrollment period. Any additional applicants are placed on a waiting list.
4	The community school specifies an enrollment period. The school does not reach full capacity at the end of its enrollment period, and therefore admits all students who applied during the enrollment period. The school admits additional students on a "first-come, first-served" basis until full capacity is reached. Subsequent applicants are put on a waiting list. No lottery is conducted.
5	The community school specifies an enrollment period. The school does not reach full capacity at the end of the enrollment period nor prior to the school's opening. All applicants are accepted and no lottery is needed.
6	The community school receives its students through referrals from juvenile courts or social service agencies and does not hold a lottery. This school's enrollment period is ongoing and "first-come, first-served."

Vagueness of the law. A lottery promotes fairness and equity when the number of student applicants exceeds a community school's capacity. However, the law is not clear regarding when and how the lottery process should be carried out. For example, if a school reaches capacity after the school year has already begun, is that school obligated to hold a lottery for *all* of its students? Or, is a school only obligated to hold a lottery if it reaches capacity at the end of the enrollment period?

Community schools that use a "first-come, first-served" admissions policy and have no enrollment period are not following the law (first scenario in Exhibit 3), because the law states that a lottery is necessary for *all* applicants if capacity is reached. In the case of the second scenario in Exhibit 3, the community school clearly does not need to hold a lottery, since the number of applications fell short of the school's capacity. However, the law is unclear what this community school should have done had it reached capacity. The law seems to imply that such a school would have been required to conduct a lottery for *all* the students, regardless of any prior admission decisions or promises made to parents.

The law is even more unclear when a community school specifies an enrollment period (scenarios three, four, and five). Because the law requires that a lottery be held when a school reaches capacity, and provides no further explanations, the 501st parent who applies to a school with a capacity of 500 students may be able to argue that the school must conduct a lottery

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to determine admissions, even though the school's enrollment period has come and gone. While LOEO knows of no instance of a parent making this argument, the lack of specificity in law regarding when a lottery is no longer required seems to leave open the possibility of such a challenge.

Furthermore, the law does not take into account community schools that serve unique populations of students and whose enrollment periods are ongoing. A lottery process seems ill-suited to community schools whose students are referred by the courts or social service agencies (i.e., scenario six) and whose students are typically enrolled in a community school for less than one year.

The dilemma. Ohio's law should balance equal opportunity for enrollment with the economic viability of a community school. A community school cannot wait until the very last day the school opens to hold a lottery, because many parents would not wait several months to find out if their child happened to be one of the names drawn in the lottery. If too many parents were to withdraw their children from the pool of applicants, some community schools would not have enough students to maintain financial stability throughout the school year. On the other hand, simply admitting students on a "first-come, first-served" basis favors students whose parents are "quick acting" and more knowledgeable about choice options.

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Fiscal Impact of Community Schools on School Districts

Since the first community schools opened in Ohio, school district officials have claimed that community schools take local tax dollars away from their districts. This view has also been expressed in a number of newspaper articles about community schools and has received the attention of several members of the Ohio General Assembly. While it should be clarified that community schools ***do not*** take locally-generated tax dollars away from districts, they may, nevertheless, affect a district's ability to provide for the education of students who remain in district-operated schools.

Community school funding. The perception that community schools take local tax dollars away from districts is rooted in the idea that *each student* in a public school is funded through a combination of state and local dollars. However, that is not how the formula works. In its simplest form, the state funding formula guarantees that a district will have a certain "base cost" amount for the students it instructs. This amount ($4,052 in FY 2000) is multiplied by the average daily membership to determine the total base cost funding a district needs.

A school district is responsible for using local tax dollars to pay a fixed "share" of the total base cost funding. This local share is calculated by multiplying the district's property wealth by 23 mills (charge-off). Because the local share is based upon property wealth, rather than the average daily membership, *a loss or gain in students does not impact the amount of local money a district is required to contribute.* Once the local share is subtracted from the total base cost funding, the state is responsible for providing any amount thereafter. Essentially, the state pays for any students that exceed the number a district can pay for through its 23-mill charge-off.

The state counts community school students in calculating a school district's total base cost funding. The state then deducts from each district the base cost amount for those students, which is the amount the *state* is providing for the community school students.

The only way local money would be lost by a school district is if the district paid out more funds to a community school than it received in total from the state, thereby requiring the district to dip into local resources. At the time of this report, no school district has lost a large enough number of students to community schools to result in the loss of local tax dollars.

District impact. Questioning whether the students who leave a school district are funded with state or local dollars ignores the reality that districts rely on both local and state funding to operate. As a result, the more important question is whether the loss in state funding to community schools affects the district's ability to offer services to its remaining students.

Without detailed financial data at the district level, it is difficult to definitively determine the extent of the financial impact that community schools are having on school districts. However, there are some analyses that can provide some insight into what school districts are facing.

LOEO examined the traditional public school buildings and grade levels that community school students left during the 1999-2000 school year. We found that these "sending schools" lost an average of 11 students to community schools and that these students were spread across a variety of grade levels. Such a small and widely dispersed number of students makes it difficult for districts to close a school or eliminate a classroom or teacher to compensate for less state funding.

Only five sending *schools* (out of 443) across all seven corresponding city school *districts* had 25 or more students leave from the same grade, thereby possibly allowing the district to eliminate a teaching position. The five school buildings are located in Youngstown and Cleveland.

Yet, even if the districts were able to affect personnel savings, the fixed costs of operating these buildings (facility and administrative costs) would remain the same. Thus, given the available data, it appears that districts may not be able to reduce costs in proportion to their loss of state funding to community schools. Exhibit 4 shows the number of traditional public school buildings and grade levels that lose students to community schools.

Exhibit 4
Public School Buildings Losing Students to Community Schools
1999-2000 School Year*

School District	Number of Buildings Losing Students to Community Schools	Average Number of Students per Building	Number of Buildings Losing 25 or More Students in a Single Grade
Akron City	45	11	0
Cincinnati City	68	9	0
Cleveland Municipal	101	11	1
Columbus City	108	7	0
Dayton City**	40	19	0
Toledo City	60	12	0
Youngstown City	20	44	4
TOTAL	442	-	5

* Includes 36 of 46 community schools that submitted usable data to LOEO.

** Excludes students of Resident Park Elementary School whose school was converted to WOW Accelerated Learning Community School.

Transportation. Another area in which the presence of community schools may adversely impact the financial condition of school districts is transportation. District officials complain that the addition of new community schools necessitates spending more money on transportation, and community school students are inherently more expensive to transport given their geographical dispersion across the district.

Currently, LOEO does not have the data to identify the additional costs associated with transporting community school students. These data should be available for future reports. Nonetheless, anecdotal evidence suggests that districts are spending more money on transportation than they did prior to the emergence of community schools. This difference in spending has not been made up with additional state funding.

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Chapter VI
Conclusions and Recommendations

This final chapter offers LOEO's conclusions about the challenges that face community schools and offers recommendations for improvement.

LOEO found that the sponsors of community schools and the Ohio Department of Education (ODE) improved the quality of the technical assistance they provide to community schools, but that these schools continue to struggle with the administrative aspects of running a public school. Community schools are learning, however, to collaborate with one another, to problem solve, and to share ideas. They are also learning to use their board members to gain expertise in their weaker areas, such as financial management, and to gain access to community resources.

In general, community schools that are run by management companies are better able to deal with the administrative and financial aspects of running schools. Some management company agreements, however, have interfered with a community school's ability to obtain federal tax-exempt status. The lack of federal tax-exempt status could negatively impact a school's fundraising efforts and force community schools to pay federal taxes.

Of all the implementation struggles and issues identified, LOEO concludes that changes need to be made in the areas of transportation, facilities, federal tax-exempt status, lottery admissions, and annual reports.

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Transportation

Similar to the first year of Ohio's community school initiative, transportation continues to be an issue for community schools and school districts alike.

Community schools are unhappy with what they regard as inadequate, and in some cases non-existent, yellow bus service for their students. A number of community schools have had to pay for transportation out of their operating funds. Community schools also complain of being pressured by districts to adjust day-to-day schedules and school calendars, adjustments that inconvenience parents and, in some cases, impinge on an important element of the school's educational approach.

Unlike traditional public and some nonpublic school students, who generally attend neighborhood schools, community school students are dispersed across numerous neighborhoods. School districts, which are obligated by law to transport community school students, view their transport as inherently more expensive than that of students attending district-operated and nonpublic schools. School districts also complain that they do not receive rosters of students planning to attend community schools in sufficient time to order new buses, if needed, or to incorporate community school students in their overall system of route planning.

They also report that the rosters they receive from community schools have incomplete data to properly route students or contain the names of students who have not committed to attending these schools.

These unresolved transportation issues have contributed to the strained relationship between community and traditional public schools and are likely to become more contentious as additional community schools open in the future. If the Ohio General Assembly wants the community school initiative to continue, then it must address this transportation issue.

LOEO recommends the Ohio General Assembly:

- Provide a timely remedy to address the transportation problems expressed by both community schools and school districts. The following three options could be considered:

  Option A – In order to give community schools more control over their calendars, daily schedules, and the quality of their transportation services, the Ohio General Assembly could:

  1. Absolve school districts from having the primary responsibility to transport community school students and require instead that community schools transport their own students.

  2. Pay community schools 100% of the state average operating cost for each community school student that requires transportation. Any vehicles used to transport community school students would be required to meet minimum safety requirements as established by the State Board of Education.

  3. Pay community schools 100% of the cost to purchase or lease school buses, should the school decide not to contract for transportation services.

  4. If a community school determines that district-provided transportation is its best option, require the school district to contract with the community school to provide transportation services. As part of this contracting process, a district would receive the full amount of transportation dollars that would otherwise have gone to the community school. Because this amount would cover the full cost of transporting community school students, a district would be required to negotiate in good faith with a community school by accommodating its time-of-day and school calendar needs. Any legislation to implement this option should try to balance the community school's need to work within its own schedule and the school district's need to operate its transportation system efficiently. Contracts between a district and a community school would need to be written in such a way that their terms would be short enough to allow a community school to pursue alternate providers (if it so desires) and long enough to ensure that a district's investment in buses and drivers is worthwhile.

Option B – To provide additional transportation funding that takes into account the wide dispersion of community school students and accommodates the scheduling needs of community schools, the Ohio General Assembly could:

1. Continue requiring school districts to transport community school students.

2. Provide school districts with *increased reimbursement* for the operating costs of transporting community school students. This amount would be higher than what they would receive for transporting their own students and students attending nonpublic schools. In FY 2002, the state plans to reimburse districts 57.5% of the model operating costs associated with transporting traditional public, nonpublic, and community school students alike.

3. Pay school districts 100% of the cost to purchase or lease additional buses for transporting community school students. (Current law only allows 100% state subsidies for buses purchased or leased to transport nonpublic school students or students with disabilities.)

4. Because school districts would receive increased reimbursement from the state for the operating costs associated with transporting community school students and because districts would be eligible for 100% state subsidies to purchase or lease new buses, districts would be required to negotiate in good faith with community schools by accommodating their scheduling needs and preferences for yellow bus service.

Option C – To provide school districts with equivalent funding for transporting community school students as is currently provided for nonpublic students and students with disabilities, the Ohio General Assembly should:

1. *At a minimum,* pay school districts 100% of the cost to purchase or lease additional buses for transporting community school students. (Current law only allows 100% state subsidies for buses purchased or leased to transport nonpublic school students or students with disabilities.)

Under this option the law would continue to:

2. Require school districts to transport community school students.

3. Reimburse school districts for the operating costs of transporting community school students at the same level as is provided for other public school students (57.5% for FY 2002).

Estimated cost of transportation recommendations

There are no readily available data for estimating the possible costs of transporting community school students or estimating how many additional buses would be needed. To

provide the General Assembly with some sense of the additional cost to the state of implementing the options offered by LOEO, assumptions had to be made regarding:

- The projected enrollment of students in community schools for 2001-2002;
- The per-pupil cost to transport students;
- The percentage of community school students that would need transportation; and
- The number of buses that would be needed.

See Appendix E for the assumptions and calculations LOEO used to generate the following estimates.

Option A. LOEO estimates that this option would cost the state an additional $3.2 to $5.4 million in operating dollars, depending on the percentage of community school students transported. In addition, $5 to $6.7 million would be needed to provide 90 to 120 new buses. The total additional cost for Option A would therefore range from $8.2 to $12.1 million for FY 2002.

Option B. At an 80% reimbursement rate, for example, LOEO estimates the additional cost to the state would range from $2.6 to $4.3 million for operating costs, depending on the percentage of community school students transported. An additional $5 to $6.7 million would be needed to provide 90 to 120 new buses. The total additional cost for Option B would therefore range from $7.6 to $11 million for FY 2002.

Option C. LOEO estimates this option would cost the state an additional $5 to $6.7 million to provide 90 to 120 new buses.

Facilities

One of the largest barriers to the community school initiative is acquiring suitable and affordable facilities. As many as 40 proposed schools did not open during the past two years because of facility concerns. For schools that did open, the majority described finding a facility as very difficult, with almost a third opening late, or starting the year in "temporary" space because of the need for renovations and difficulties in meeting building codes. Facility problems experienced by community schools include:

- Few vacant school buildings;
- Expensive leases and renovations in temporary spaces;
- Limited capital funding;
- Limited access to credit; and
- Inexperience and lack of knowledge about building codes.

LOEO expects that facility problems will continue to be a barrier for new community schools, unless some form of state assistance is provided.

LOEO recommends that the Ohio General Assembly consider some or all of the following:

- Provide capital funding to community schools on a per pupil basis – either for leasing or construction.
- Create incentives for school districts, government agencies, and other organizations to provide community schools with unused facility space at lower costs.
- Provide community schools access to tax-exempt financing.
- Provide community schools with access to low-interest loan pools. The state could provide a pool of dollars from which community schools could borrow money with low-interest rates.
- Extend the length of time that a community school can borrow money for facilities, perhaps the length of the school's contract.

Federal Tax-Exempt Status

Even though the Ohio General Assembly intended for community schools to be nonprofit, Ohio law does *not* require a community school to receive federal tax-exempt status. LOEO found that 18 of the 46 community schools do *not* have federal tax-exempt status. Upon further examination, ten of the 14 community schools operated by a for-profit management company during the 1999-2000 school year do *not* have federal tax-exempt status. Community schools without federal tax-exemption are subject to paying federal corporate income taxes.

Using state dollars to pay federal taxes is not in the interest of Ohio taxpayers or community schools, which need to maximize their funding for educational purposes. Furthermore, some community schools may lose donations if contributions made to them are not tax deductible for the person or organization making the donation.

LOEO recommends the Ohio General Assembly:

- Require community schools to receive federal tax-exempt status. Because federal tax-exempt status requires a longer period of time to establish than does state nonprofit status, allow community schools to establish federal tax-exempt status after they have signed their contract with their sponsor.

LOEO recommends that community schools with governing boards using for-profit management companies:

- Review their management agreements and governing structure to ensure that the school's governing board is in sole control of school operations, to better facilitate approval of federal tax-exempt status.

Admissions and Lottery Process

Current law requires community schools to use a lottery when the number of student applications exceeds the school's capacity. Current law does not specify how a community school is to structure its admission procedure to allow for a lottery to take place.

As a result, there is incompatibility between allowing equal opportunity for admission and the economic viability of community schools. A community school must let all children have an equal chance at entering, yet its officials cannot wait until the last moment to hold a lottery. Parents need to know whether or not their child has been admitted well before the start of the school year or they will not send their children to a community school.

LOEO recommends that the Ohio General Assembly:

- Adopt language to provide more guidance to community schools regarding when and how a lottery should take place.

  One possibility is to specify that community schools establish a given enrollment period, at the end of which time a lottery would be conducted to determine admissions, if the number of applications exceeds capacity. Community schools could be allowed to set the length of the enrollment period, with the Ohio General Assembly specifying a minimum length of time to allow parents to learn about the school and submit their applications.

Annual Reports

One of the central tenets of the charter school movement is greater autonomy in exchange for greater accountability. Since LOEO's first report in April 2000, most community schools appear to have recognized that their annual reports are an important mechanism for accountability. Sponsors appear to be stressing the significance of accountability and guiding their community schools through the process of preparing an annual report.

Even though community schools' annual reports have gotten progressively better, information critical to the accountability of these schools continues to be missing. Twenty-four percent of the 46 community schools did not provide the required financial information in their annual reports. Three-fourths of the community schools contractually required to conduct parent satisfaction surveys did not include these results in their annual report. Furthermore, not all community schools are documenting the extent to which they are making progress in meeting the academic goals and standards outlined in each of their contracts.

LOEO recommends community schools:

- Improve the contents of their annual reports. Community schools should provide financial information in their annual reports and be clear about how, and to what extent, they are achieving *all* of the academic goals stated in their contracts.

- Assess parent satisfaction and develop strategies to gather and analyze feedback from parents, when they have contractually promised to do so.

Appendices

Appendix A
70 Community Schools Operating during 2000-2001
Sorted by Location

Community School Name	Location	Sponsor	Grade Levels*	Year of Operation			Number of Students *
				1st	2nd	3rd	
Edge Academy	Akron	State Board	K-4		•		115
Hope Academy Brown St Campus	Akron	State Board	K-8			•	266
Hope Academy University Campus	Akron	State Board	K-6			•	155
Ida B Wells Community Academy	Akron	State Board	K-3		•		74
Life Skills Center of Akron	Akron	State Board	9-12		•		519
Lighthouse Community School & Professional Development Academy	Akron	State Board	K-3	•			62
Summit Academy of Alternative Learners of Akron	Akron	State Board	4-8		•		117
Summit Academy of Alternative Learners of Canton	Canton	State Board	3-5	•			41
A.B. Miree Fundamental Academy	Cincinnati	State Board	**	•			**
Cincinnati College Preparatory Academy	Cincinnati	State Board	K-7		•		363
East End Heritage Community School	Cincinnati	Cincinnati Public	K-12	•			152
Greater Cincinnati Community Academy	Cincinnati	State Board	K-8		•		709
Harmony Community School	Cincinnati	State Board	Ungraded			•	455
Life Skills Center/Cincinnati	Cincinnati	State Board	9-12	•			415
Lighthouse Community School	Cincinnati	Cincinnati Public	6-10	•			22
Oak Tree Montessori	Cincinnati	State Board	K-4			•	55
Riverside Academy	Cincinnati	State Board	K-7		•		291
Sabis International School of Cincinnati	Cincinnati	State Board	K-6	•			606
T.C.P. World Academy	Cincinnati	State Board	K-6	•			247
W.E.B. DuBois Academy	Cincinnati	State Board	3-6	•			111
Citizens Academy	Cleveland	State Board	K-3		•		71
Cleveland Alternative Learning Academy Community School	Cleveland	State Board	2-8		•		230
Hope Academy Broadway Campus	Cleveland	State Board	K-7		•		383
Hope Academy Cathedral Campus	Cleveland	State Board	K-8			•	382
Hope Academy Chapelside Campus	Cleveland	State Board	K-7			•	411
Hope Academy Lincoln Park	Cleveland	State Board	K-5		•		160
Horizon Science Academy Cleveland	Cleveland	State Board	**		•		**
Intergenerational School	Cleveland	State Board	K-2	•			30
International Preparatory School	Cleveland	State Board	K-12		•		340
Life Skills Center of Cleveland	Cleveland	State Board	9-12		•		227
Old Brooklyn Montessori School	Cleveland	State Board	K-5			•	123
Cornerstone Academy	Columbus	State Board	K-2	•			20
Graham School	Columbus	State Board	9-10	•			71
High Life Youth Community School***	Columbus	State Board	6-12		•		153

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Community School Name	Location	Sponsor	Grade Levels*	Year of Operation			Number of Students*
				1st	2nd	3rd	
High Life Youth Development Center***	Columbus	State Board	7-11	•			48
Horizon Science Academy Columbus	Columbus	State Board	7-10		•		168
Millennium Community School	Columbus	State Board	K-5		•		553
Teresa A. Dowd School	Columbus	State Board	K-5		•		66
City Day Community School	Dayton	State Board	K-4			•	270
Dayton Academy School	Dayton	State Board	**		•		**
Dayton Urban Academy	Dayton	State Board	K-8		•		152
Dayton View Academy	Dayton	State Board	**	•			**
Omega School of Excellence	Dayton	State Board	5-6	•			112
Rhea Academy Inc	Dayton	State Board	K-6		•		89
Richard Allen Academy	Dayton	State Board	K-7		•		137
Richard Allen Preparatory Academy	Dayton	State Board	K-8	•			199
Trade & Technology Preparatory	Dayton	State Board	Ungraded		•		230
WOW Accelerated Learning Community School	Dayton	Dayton Public	K-3		•		247
Quest Academy Community School	Lima	State Board	K-2	•			65
M.O.D.E.L. Community School	Maumee	LCESC	Ungraded			•	27
Northwest Ohio Building Trades Academy	Northwood	LCESC	11-12		•		26
Meadows CHOICE Community School	Oregon	LCESC	4-8			•	37
Parma Community School	Parma	State Board	K-3	•			37
Summit Academy of Alternative Learners of Parma	Parma	State Board	3-5	•			42
Parma Heights Community School	Parma Heights	State Board	K-3	•			35
Academy of Business & Technology Community School	Toledo	University Toledo	K-7		•		293
Aurora Academy	Toledo	LCESC	2-12			•	303
Electronic Classroom of Tomorrow	Toledo	LCESC	K-12	•			2,230
Family Learning Center of NW Ohio	Toledo	LCESC	7-11	•			121
JADES Academy	Toledo	LCESC	4-12			•	42
P.A.S.S.	Toledo	LCESC	5-6		•		37
Performing Arts School of Metropolitan Toledo	Toledo	LCESC	7-11		•		147
Toledo Academy of Learning	Toledo	LCESC	K-8		•		138
Toledo School for the Arts	Toledo	Toledo Public	7-10		•		181
Toledo Village Shule Community School	Toledo	LCESC	K-6			•	281
Academy of Dayton	Trotwood	State Board	K-3	•			84
Life Skills Center of Trumbull County	Warren	State Board	**	•			**
Life Skills Center of Youngstown	Youngstown	State Board	9-12		•		84
Eagle Heights Academy	Youngstown	State Board	K-8			•	821
Youngstown Community School	Youngstown	State Board	K-2			•	120
TOTAL				24	31	15	14,798

* As of October 2000
** No enrollment data submitted as of October 2000
*** Closed mid-year
Note: enrollment numbers and grade levels may change as data are updated in EMIS.

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Appendix B
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Appendix C
LOEO's Methodology

Site-visits, interviews, and classroom observations. LOEO staff either visited or interviewed by telephone 46 community schools that operated during the 1999-2000 school year. LOEO staff visited 15 second-generation community schools, and conducted extensive interviews with directors, founders, or board members from each of the schools. The remaining 16 second-generation community schools were interviewed via telephone. LOEO conducted extensive on-site interviews with the 15 first-generation community schools during the beginning of the 1999-2000 school year, as well as interviewed these schools by telephone near the end of the academic year.

LOEO conducted in-depth interviews with teachers, followed by formal classroom observations, in 30 of the 46 community schools that operated during the 1999-2000 school year.

At various times throughout the year, LOEO interviewed representatives from the following: Ohio Department of Education (ODE), Lucas County Educational Service Center (LCESC), Ohio Community Schools Center (OCSC), Ohio Auditor of State (AOS), and administrators and board members in Ohio's largest school districts where community schools are located.

Surveys of all second-generation community schools. As a way to learn more about each new community school's facility, governance, students, teachers, parents, assessments, and timeliness of funding, LOEO surveyed the second-generation community schools by mail. All but two of the 31 second-generation community schools responded to LOEO's survey.

Analysis of community school contracts and annual reports. Information from community schools' contracts were analyzed and summarized to help describe the 46 community schools and to explore similarities and differences among them. The annual reports submitted by community schools were analyzed and their content summarized by LOEO in preparing school profiles. Two community schools did not submit an annual report to their sponsor, to parents, or to LOEO. These schools, therefore, are excluded from LOEO's analysis of annual reports.

Analysis of EMIS data. LOEO analyzed fiscal year 2000 student, staff, and financial data that community schools and their corresponding city school districts submitted to the Ohio Department of Education via the Education Management Information System (EMIS).

Analysis of Auditor of State Reports. LOEO analyzed the audits of the 15 first-generation community schools. Since schools can only be audited after operating for at least one full year, these 15 audits are the only ones that the Auditor of State has completed thus far.

Analysis of sending schools data. LOEO defines a student's "sending school" as the school building the student previously attended or would have attended if not enrolled in the community school. LOEO requested such data for the 1999-2000 school year from all 46 community schools; usable data was provided by only 36 of the 46 community schools.

Review of the research literature. Over 100 documents were reviewed regarding charter school laws and educational policies in various states.

Appendix D
Reasons Cited for Contract Termination of Riser Military Academy and Monroe Academy

Riser Military Academy (Columbus)

Sponsored by the State Board of Education, Riser Military Academy offered a performance-based educational program with military-style training and discipline. The State Board of Education cited Riser Military with violating a number of provisions in its contract. Riser Military Academy was cited for failure to:

- Provide students with access to computers, when computer technology was a central component of the school's curriculum;
- Purchase textbooks, materials and supplies;
- Comply with the Individuals with Disabilities Act (IDEA);
- Provide breakfast and lunch for students, as promised in the school's contract;
- Hire certified teachers;
- Conduct criminal records checks of its staff;
- Appoint advisory members to serve on the school's governing board;
- Meet generally accepted standards of fiscal management;
- Obtain an occupancy permit for the school's facility; and,
- Complete construction of the school's facility.

Monroe Academy (Toledo)

Sponsored by the Lucas County Educational Service Center (LCESC), Monroe Academy was a dual-language school focused on serving immigrants from Arabic-speaking countries. During its first year of operation, LCESC cited Monroe Academy with violating 17 provisions of its contract. Monroe Academy was cited for failure to:

- Gain approval by its sponsor before changing locations;
- Conduct criminal records checks of all staff and governing board members;
- Adhere to the curriculum stated in the school's contract;
- Immediately notify and gain approval by its sponsor before changing administrators;
- Have its facility meet all standards of health, safety, and building code requirements;
- Consistently comply with the Ohio open meetings law;

- Ensure the safety of the school's assets;
- Ensure student teacher ratio of 15:1 and provide its sponsor with an accurate, non-disputed student and teacher roster;
- Comply with all reasonable requests of its sponsor;
- Adequately supervise administrators and staff;
- Institute or post policies such as suspension and expulsion;
- Provide evidence of insurance coverage to its sponsor;
- Provide a description of the process by which governing board members are selected and promptly notify its sponsor of any changes in board membership;
- Provide an official list of governing board members;
- Provide copies of teacher certificates to its sponsor;
- Provide bond requested by its sponsor and the Auditor of State;
- Provide building, health department, and fire inspections; and
- Keep complete and accurate board minutes and provide them to its sponsor.

Appendix E
LOEO Methodology for Estimating Additional Transportation Funding

In Chapter VI, LOEO recommended three options for the General Assembly to consider in addressing the ongoing problem of transporting students to community schools. LOEO provided estimates of the range of costs for each option.

At this time, however, there are no readily available data for estimating the possible costs of transporting community school students or estimating how many additional buses would be needed. Currently, the Ohio Department of Education (ODE) does not separate the cost of transporting community school students from the cost of transporting traditional public and nonpublic school students. Based on LOEO's recommendation in its first community school report, ODE will begin separating these data for the 2000-2001 school year. Therefore, the cost estimates in this report will need to be updated as soon as better data are available.

To provide the General Assembly with some sense of the additional cost to the state of implementing the options offered by LOEO, we had to make assumptions regarding:

- The projected enrollment of students in community schools for 2001-2002;
- The per-pupil cost to transport students;
- The percentage of community school students that would need transportation; and
- The number of buses that would be needed.

Projected enrollment

LOEO projected that community school enrollment will reach **34,484** students for the 2001-2002 school year, a 174% increase over the current 2000-2001 enrollment of 12,568 students (which excludes the 2,230 served by e-COT, which instructs students via home computers and the Internet). LOEO used the 174% increase for the following reasons:

- It is the average of the increase in enrollment between the first and second year and the second and third year of the community school initiative;
- This number was then compared with the estimated enrollments of the 34 contracts that currently exist between the State Board of Education and community schools *that have not yet opened* and the 39 new preliminary agreements between the State Board and proposed community schools. We have no data with which to estimate enrollment of schools being considered by other sponsors.

Per-pupil cost to transport students

The only data available for estimating the per-pupil cost is the FY 1999 ODE figure of $338 for transporting all public and nonpublic students. This figure represents the average actual costs as reported by school districts. When updated for inflation to FY 2002, this per-pupil figure becomes **$367**.

Percentage of community school students needing transportation

One of the variables to consider in estimating transportation funding is the percentage of students that need to be transported to school each day. Although ODE reports that, on average, school districts transport 60% of their enrollment, this figure may be an underestimate for community schools. Given the wide dispersion of community school students, as well as the unconventional location of most of these schools in former retail, office, and church buildings, it is unlikely that many children can walk to their community school. Therefore, LOEO cost estimates provide a range based on transporting 60% to 100% of community school students.

Number of additional buses needed

It is impossible to know how many buses would be needed to transport community school students. In its budget request, the State Board of Education suggested the figure of $5 million to provide 90 buses. LOEO used the cost of $55,556 per bus to estimate the cost of providing a range of 90 to 120 buses in each of the three options.

LOEO calculations

The table below presents the various cost estimates for Options A, B, and C. These estimates are for **additional** state costs. Currently the state anticipates reimbursing 57.5% of the operating costs for transporting community school students in FY 2002. The calculations below represent the dollars needed to *increase* this reimbursement rate.

- Option A provides state funding for 100% of the operating costs and 100% of the bus purchase costs;
- Option B provides state funding for 80% of the operating costs and 100% of the bus purchase costs;
- Option C is limited to providing state funding for 100% of the bus purchase costs.

Estimates for Additional Transportation Funding
FY 2002

Option	Percent of Operating Costs	Percent of Students Transported			Cost of School Buses* (in millions)	Total Additional Cost (in millions)
		60%	80%	100%		
		(Cost in millions)	(Cost in millions)	(Cost in millions)		
A	100%	$3.2	$4.3	$5.4	$5.0 – $6.7	$8.2 - $12.1
B	80%	$2.6	$3.4	$4.3	$5.0 – $6.7	$7.6 - $11.0
C	--				$5.0 – $6.7	$5.0 – $6.7

* These ranges are for 90 to 120 new buses.